

Message Text

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43

ACTION ABF-01

INFO OCT-01 EUR-12 NEA-10 ISO-00 FSE-00 OPR-02 TRSE-00

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R 141325Z APR 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASCDC 6504

INFO AMEMBASSY BEIRUT

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

UNCLAS TEHRAN 3779

E.O. 11652: N/A

TAGS: EFIN, AFSP, IR

SUBJ: RIAL/DOLLAR RATE CHANGES AGAIN

REF: TEHRAN 3609

1. ANOTHER DEVALUATION OF RIAL AGAINST DOLLAR OF ONLY 0.14 PERCENT WAS ANNOUNCED ON APRIL 14, BY THE CENTRAL BANK OF IRAN (CBI). NEW BUYING RATE IS 69.90 RIALS PER DOLLAR AND SELLING RATE IS RLS. 70.15 TO DOLLAR. THIS IS THE 5TH DEVALUATION OF RIAL AGAINST DOLLAR DURING THE MONTHS OF MARCH AND APRIL AND THE 14TH SINCE JULY 22, 1975. THE IRANIAN RIAL HAS BEEN DEVALUED BY TOTAL OF 4.8 PERCENT IN RELATION TO DOLLAR SINCE JULY 22, 1975; 8.7 PERCENT AGAINST SWISS FRANC, 3.5 PERCENT AGAINST JAPANESE YEN, 3.4 PERCENT AGAINST DEUTSCHE MARK, 1.1 PERCENT AGAINST AUSTRIAN SHILLING, 1.0 PERCENT AGAINST DUTCH FLORINE AND 0.9 PERCENT AGAINST NORWEGIAN KRONE. ON THE OTHER HAND THE IRANIAN RIAL HAS BEEN APPRECIATED IN RELATION TO OTHER EUROPEAN CURRENCIES SINCE JULY 22, 1975 AS FOLLOWS: ITALIAN LIRE 30.8 PERCENT, POUND STERLING 10.6 PERCENT, FRENCH FRANC UNCLASSIFIED

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4.3 PERCENT, BELGIAN FRANC 0.4 PERCENT AND SWEDISH KRONA AND

DANISH KRONE EACH BY 0.3 PERCENT.

2. APRIL 11 EDITION OF TEHRAN DAILY KAYHAN INTERNATIONAL QUOTED CBI IN EXPLAINING ITS CONTINUING DEPARTURE FROM ITS FOREIGN EXCHANGE ADJUSTMENT POLICY, WHICH REQUIRES THAT THE RIAL/US DOLLAR RATE BE ADJUSTED WHEN THE US DOLLAR/SDR RATE EXCEEDS A 2.25 PERCENT BAND EITHER SIDE OF PARITY FOR FIVE CONSECUTIVE DAYS. CBI SAID IT HAS OFTEN ADJUSTED EARLIER SO AS TO AVOID SPECULATION AGAINST THE RIAL. FOR EXAMPLE, THE DOLLAR/SDR RATE EXCEEDED THE BAND ONLY TWO CONSECUTIVE DAYS BEFORE THE APRIL 10 ADJUSTMENT WAS MADE (REFTEL). PAPER'S ARTICLE ALSO QUOTED A CBI OFFICIAL DENYING ANY POSSIBILITY OF THE RIAL'S PEGGING TO THE SDR BEING SWITCHED BACK TO THE US DOLLAR, ADDING THAT LINKING THE RIAL TO THE DOLLAR OR ANY OTHER CURRENCY WOULD ONLY ENHANCE SPECULATION AND PROFITEERING. (NOTE: THIS IS CONSISTENT WITH REPORTING CONTAINED IN TEHRAN 3537.)

3. CORRECTION: THE FIGURES IN BRACKETS IN REFTEL SHOULD READ 69.70 AND 69.95 RESPECTIVELY, AS AGAINST 69.40 AND 69.65.
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